

WEST LINDSEY DISTRICT COUNCIL

# Annual Governance Statement 2017/18

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## **ANNUAL GOVERNANCE STATEMENT 2017/18**

### **SCOPE OF RESPONSIBILITY**

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West Lindsey District Council is responsible for ensuring that its business is conducted in accordance with the law and proper accounting standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. West Lindsey District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, West Lindsey District Council has put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

During 2017/18, West Lindsey District Council has worked to its code of corporate governance which was revised during 2016/17 to ensure consistency with the principles set out in guidance provided by CIPFA/SOLACE in 2016 within their Delivering Good Governance in Local Government Framework. The purpose of the Framework is to assist local government to take responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. A copy of the authority's framework is on the Council's website contained within the [Codes and Protocols](#) section of The Constitution.

This Annual Governance Statement explains how West Lindsey District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulations 4(3) and 4(4), which requires all relevant bodies to prepare and publish an annual governance statement.

### **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

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The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services that are value for money. The framework has been reviewed during the year and is deemed to be relevant and robust.

The system of internal control is an important part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of

West Lindsey District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at West Lindsey District Council for the year ended 31<sup>st</sup> March 2018 and up to the date of approval of the statement of accounts at a meeting of the Governance and Audit Committee on 24<sup>th</sup> July 2018.

## **THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS**

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The Governance Framework is presented in detail at Appendix One with commentary about improvements made during the year and improvements still required. Some of the key features of the Governance Framework are set out below.

The [Corporate Plan \(2016-2020\)](#) sets out the Council's vision for the District and sets out the key strategic objectives which will deliver these outcomes for our communities. The Corporate Plan is explicitly aligned to the Medium Term Financial Plan and Executive Business Plan, ensuring that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council. Progress against the priorities detailed within the Corporate Plan is reported annually and the on-going relevance of the Plan is reviewed annually and takes into account feedback from surveys conducted with the citizens of West Lindsey.

The Constitution of West Lindsey District Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements. The Constitution is reviewed annually to ensure it continues to be fit for purpose.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of the Paid Service, Monitoring Officer and Chief Financial Officer are described, together with their contributions to provide robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Council's Management Team.

West Lindsey District Council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. In addition, training needs are identified through development appraisals and reviews, enabling individuals to undertake their present roles effectively and have the opportunity to develop to meet their own and the Council's current and future needs.

West Lindsey District Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review is informed by:

- 1. The Combined Assurance Report – made up from:**
  - a) Feedback from senior managers within the Authority who have responsibility for the development and maintenance of the governance environment and its effectiveness within their areas
  - b) An independent review by the Corporate Governance Team
  - c) The findings of the Annual Audit Work Plan
  - d) Third Party assessment e.g. peer review
- 2. The Annual Review of Comments, Compliments and Complaints**
- 3. The Annual Review of The Constitution**
- 4. The Annual Review of the Effectiveness of Internal Audit**
- 5. The Annual Review of Whistleblowing**
- 6. The Annual Review of Fraud**
- 7. The Head of Internal Audit’s Annual Report**
- 8. Comments made by the external auditors and other review agencies and inspectorates**

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this governance statement. As a result the arrangements are deemed as being fit for purpose.

The areas already addressed and those to be specifically addressed via an action plan to be developed in the coming year are outlined below.

## **SIGNIFICANT GOVERNANCE ISSUES**

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Over the last year the Council has consolidated its progress made over previous years in embedding its corporate governance arrangements and procedures and to consistently communicate the message across the organisation that governance is an essential component of corporate activity. However, as major projects have developed and commercial initiatives have been pursued, the Council has been cognisant of the need to ensure governance and decision making processes do not inhibit the successful achievement of desired outcomes. Hence, the Council’s attitude to risk and governance have been the subject of much discussion to determine the right balance between probity and the taking of opportunities.

This work has been recognised by the Head of Internal Audit. Taking account of the activity and changes within the Council during 2017/18 and the audit and consultancy work the audit team have undertaken, she has concluded that the Council’s internal control environment should be classified as Green/Amber – working well.

To enhance capacity and capability across the Council a review of staffing requirements has been undertaken resulting in appointments to key areas to support both operational and programme delivery. Where appropriate, expert subject matter advice has been externally sourced to provide expertise and objective thinking in support of a number of the Council’s key projects.

We also continue to review and refresh where appropriate the main processes which constitute the Council’s performance and governance framework. This includes considerations relating to project management, partnership arrangements, risk management, procurement and contract management. We aim to provide clear

guidance and support and regularly undertake workshops with staff to ensure that procedures are fully understood and are routinely applied. Work has also been undertaken to review the Council's Portfolio Board structure to provide appropriate support and scrutiny in relation to project development and realise effective delivery.

Considerable attention has been paid to ensure governance arrangements to support the Council's growth and commercial agendas are fit for purpose. This is a fast-paced and highly technical area. The Council has worked closely with a combination of colleagues from Lincolnshire Procurement and Lincolnshire Legal Shared Services, in addition to sourcing additional relevant external professional advice to review particular proposals and help steer decision making. Additionally, to expedite efficient decision making, arrangements have been made to hold concurrent policy and resourcing committee meetings to secure policy/project and resourcing approvals within the same session.

Training for staff and Members has also taken place, as have workshop sessions and regular feedback to Members and the Management Team on governance related matters and a number of other subject areas.

A refresh of measures to be incorporated into the Council's Progress and Delivery reporting has been undertaken to ensure that we report against meaningful aspects of service delivery and also track and record progress against the ambitions detailed within the Council's Corporate Plan.

During 2017/18 West Lindsey District Council has also regularly reviewed progress against the significant issues identified in the previous year's AGS (2016/17). Quarterly update reports have been presented to the Governance and Audit Committee. Issues that have been sufficiently progressed and so are now removed from the AGS (2016/17) action plan are:

1. **Implementation of General Data Protection Regulations** – action plan worked to, to implement against GDPR principles, awareness sessions held
2. **Political Governance** – training held for Members/Officers and Code of Conduct reviewed
3. **Partnerships** – service delivery partnerships reviewed and with new arrangements in place to ensure on-going monitoring of effectiveness
4. **Delivery of Key Commercial and Community Based Projects** – oversight provided by Portfolio Board and governance arrangements streamlined
5. **Resilience and Capacity** – additional resilience and capacity has been sourced to support delivery
6. **Selective Licensing** – implementation and effectiveness of the scheme reviewed by Members
7. **Development Management** – actions emanating from the most recent audit have been completed.

The action relating to Value for Money has been carried over into the action plan for 2017/18. While some progress has been achieved through the development of a value for money handbook; awareness sessions; subscription to an on-line resource and the production of a number of assessments to test the principle, momentum has not been as consistent as desired. To address this, additional capacity has been secured to take ownership of this work and progress during 2018/19.

## SIGNIFICANT CURRENT ISSUES TO BE A FOCUS IN 2018/19.

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During 2018/19, the Council will pay attention to a number of issues as described below and will continue to stress the message across the organisation that governance is a core component of corporate activity. Hence all officers are required to play a part in ensuring that our processes and systems are robust and adhered to. On-going 'testing' of our processes will be undertaken and we will continue to work in a collaborative manner with Internal and External Audit colleagues.

Those issues that have been identified as requiring particular attention during 2018/19 are reproduced below. These were identified by Management Team; via reference to Internal Audit opinion and through the work undertaken to complete the Council's Combined Assurance Report for 2017/18. Progress will be made in 2018/19, monitored by the Management Team and the Governance and Audit Committee in conjunction with the Challenge and Improvement Committee.

The significant issues identified are:

1. **Commercialism** – to ensure that related decision making and governance arrangements are effective and transparent and form part of the Monitoring Officer's oversight and reporting duties
2. **Health & Wellbeing Service** – implementation of the new service must be closely monitored, partnership working arrangements must be effective and the intended outcomes for service users must be understood and achieved
3. **Review of Challenge & Improvement Committee** – to ensure that the Committee is effective in its operations and performs a robust scrutiny function
4. **New Corporate Plan (2019-2023)** – the new Plan must clearly set out the strategic aims of the Council and the outcomes it seeks, based on the issues and opportunities facing the District
5. **PCI DSS Processes** – to achieve compliance with industry standards
6. **Value for Money** – to complete VfM assessments across service areas to enable senior management set clear priorities for improvement

We propose over the coming year to take steps to address the above matters via an action plan to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. There have been no significant events or developments relating to the governance system between the year-end and the date on which the Statement of Accounts were signed by the responsible financial officer.

Signed



Date 27<sup>th</sup> June 2018

Councillor Jeff Summers, Leader of the Council on behalf of West Lindsey District Council

Signed



Date 2<sup>nd</sup> July 2018

Mark Sturgess, Head of Paid Service on behalf of West Lindsey District Council

## APPENDIX 1 - THE GOVERNANCE FRAMEWORK & REVIEW OF EFFECTIVENESS

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### 1. The Council's Vision

**Objective:** Developing, communicating, operationalising and reviewing the Council's vision.

This section incorporates information relating to:

- identifying and communicating the Council's vision
- reviewing the Council's vision and its implications for the Council's governance arrangements
- translating the vision into objectives for the Council and its partnerships

To help identify priorities, the Council analyses information from external sources, internal statistics, engagement events, working with partners and horizon scanning reports. It produces an annual State of the District Report for review by Members, the public and other stakeholders alike.

Priorities are tested further through public consultation with both the Citizen's Panel (an established representative group of approximately 1300 local residents) and residents more generally. This is supplemented by engagement with a range of businesses and third sector organisations and Member workshops, which build on the identified community priorities.

The Council, is currently working to its Corporate Plan (2016-2020) which was approved by Council in March 2016. The overall vision contains the following strategic priorities:

- Theme 1: Open for Business
- Theme 2: Asset Management
- Theme 3: People First
- Theme 4: Central Lincolnshire Local Plan
- Theme 5: Partnership/Devolution
- Theme 6: Excellent Value for Money Services

The Corporate Plan is explicitly linked to the Medium Term Financial Plan through to 2020 and the Council's Executive Business Plan. During 2018/19, work will be progressed to develop a new Corporate Plan to take effect from 2019. This timeframe complements the Council elections in May 2019.

The Council publishes its [Corporate Plan](#) on its website in accordance with requirements for transparency and making information available for local people. A review of progress against its objectives was carried out on its second anniversary and presented at Full Council to Members for review and endorsement. A summary publication detailing this has also been produced and shared with stakeholders and published on the Council's website.

The Corporate Plan is delivered in the main through the Council's Portfolio Board. It has a clear terms of reference outlining responsibilities for delivery and the board's

delivery plan is further translated into business and service plans, team plans and personal actions (through the appraisal process), which contain specific key objectives, desired outcomes, responsibilities and targets. This ensures that the necessary resources, both staff and financial, are allocated to deliver the service plans and informs the Medium Term Financial Plan and Executive Business Plan.

The Council continues to operate in a challenging short and medium term financial environment. This challenge is not new to the Council and it has over the last 10 years undertaken on-going reviews of its structures, services and income generating potential to achieve substantial savings. However, for the year ending 31<sup>st</sup> March 2018 the authority continued to operate within a challenging financial environment as a consequence of further cuts in government funding and local economic conditions, with the outlook for the coming years equally challenging (see [WLDC Budget Book 2018/19 to 2022/23](#)). However, to provide us with a degree of certainty the Council has accepted the Government's offer of a four year settlement deal for 2016/17 to 2019/20. Beyond this timeframe we are awaiting the results of the Fairer Funding Review.

Within this context the priorities for the Financial Strategy are to maximise available resources through effective and efficient delivery of services and to identify and drive innovative and commercial approaches to service delivery; resourcing and the use of our land and property assets. This remains important so as to achieve financial sustainability. The positive action taken by the Council to date means that it is relatively well placed to respond to these challenges. In addition capital investment in projects which will generate a revenue return and working in partnership with the private sector, will bring inward investment and economic growth to the District. There are however further uncertain times ahead (despite indicators of economic recovery) and it is essential that the Council continues to take proactive and sustained action, as without this the Council's financial position will not be sustainable in the longer term.

A robust process of monitoring and the taking of responsible actions in managing its budget ensures the Council remains in a good position to achieve the additional savings/income targets of approximately £1m by 2020/21 in a considered manner. Budgets are controlled and monitored by Budget Managers who are supported by regular liaison meetings with the Council's Finance Business Partners. Budget and performance monitoring is reported to Members and the Management Team in the form of regular Budget Monitoring and Progress and Delivery Reports.

All Committee reports contain a financial reference issued by the Finance Team. This provides decision makers with the full financial implications of the proposals being recommended.

To ensure that staff possess the necessary financial knowledge and skills, the Council has delivered a further programme of finance related training under the banner 'Finance Matters II'. This package complements and enhances the previous training (Finance Matters) delivered to staff three years ago.



## 2. Measuring the Quality of Services

**Objective:** Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources and value for money

### Performance Management & Value for Money

During the year, the Council has monitored the effectiveness of the Progress and Delivery report in monitoring and reporting on performance, with the Challenge and Improvement Committee retaining oversight. A sub-group of the Committee has met once again to discuss the need for a refresh of measures for 2018/19 to ensure that progress against the achievement of corporate priorities can be tracked. We are keen to stress the message that any measures adopted should be able to help the Council learn and improve. The Executive Director of Operations is responsible for performance management and provides:

1. Quarterly Progress and Delivery reports to the policy committees and the scrutiny committee
2. Assurance that the reports provide quality and contextual data for Members

Individual performance is discussed via the appraisal system for employees, which continues to be monitored to ensure that it is applied consistently.

The Council has adhered to the transparency agenda by publishing spend over £250 on the Council's web site on a monthly basis and continues to meet the legal requirements to publish equality objectives which are included in the Corporate Plan.

### Commissioning Partnerships

To achieve value for money and the best use of resources, the Council has adopted a positive approach to partnership working and has retained a number of shared working arrangements, mainly with North Kesteven District Council (NKDC). Other key partnerships include Lincolnshire Legal Services, Procurement Lincolnshire and the creation of a formal statutory body to consider planning policy across Central Lincolnshire. Additionally, key contractual partnerships incorporating performance management aspects are in place for a range of services. During 2017/18, the Council has welcomed positive audit findings into two of its partnership arrangements (Shared ICT with NKDC and Choice Based Lettings).

The Council's ambitious growth plans for the District are beginning to crystallise with the formation of a key strategic outcome focused partnership (in the form of a joint venture) established to achieve regeneration in the retail sector in Gainsborough. Additional work has secured a further development partner to focus on delivering comprehensive regeneration of Gainsborough town centre. Both arrangements conspire to ensure that the Council can deliver the Central Lincolnshire Local Plan housing growth target. Further, the Council continues to be engaged in a meaningful manner with partners from the business sector to promote West Lindsey in general and Gainsborough specifically. These partnerships are key to jointly addressing issues such as skills and ultimately promote the District as a place to invest in and grow.

Further examples of partnership working are provided by the work the Council has conducted with the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and the Homes and Communities Agency (HCA). As the Council moves its growth plans into delivery, this has attracted significant support and funding from these bodies, providing revenue funds to continue the intensive planning and development work to support land assembly and provide significant capital for site acquisition, infrastructure and in effect “gap” funds to bridge viability gaps.

To ensure that the Council considers the appropriateness of partnership working prior to entering into arrangements, an ACoP is in place to offer guidance and workshops have been held with staff to discuss the topic. As stressed above, it is essential that officers involved in partnership working consider value for money by assessing the on-going importance of any partnership and its effectiveness in meeting intended outcomes.

### **Value for Money**

Specific reference has been made to our approach to achieving value for money in both the Council’s Corporate Plan and also the MTFP. Our approach received a positive outcome when audited by External Audit.

One of the priorities of the Corporate Plan is the delivery of excellent, value for money services. To assist in achieving this goal, the Council has subscribed to a database of metrics which provide the ability to benchmark service related costs and performance, triangulated where possible with outcomes. Work continues to use this resource to best effect and produce value for money assessments across a range of services. These assessments will provide services with the basis for generating greater value for money via improvement plans. Over the short/medium term we want to create a culture of value for money across all decision making, building on evidence of benchmarking and the achievement of greater productivity. To assist in the regard, the Council has secured additional capacity in the form of a dedicated role to work closely with services to understand performance, costs and value for money considerations.

### **Procurement & Contract Management**

Effective procurement and contract management is key to ensuring that value for money is achieved. Our Procurement processes were audited during 2017/18 and received a substantial assurance rating. Working closely with Procurement Lincs a substantial report was produced during 2017/18, assessing by service areas, the contracts in place and the scope for efficiencies and consolidation. Due to the absence of key staff during the year, progress against the report’s recommendations was not as swift as planned. However, this will be addressed through 2018/19. During 2017/18 a new contract management system was introduced incorporating greater functionality to assist in cost analysis and reporting. The Council’s Contract Procedure Rules and ACoP which supports contract management are both regularly reviewed and elements of contract management are reported via Progress and Delivery reporting.

## Service Reviews

Reviews of service provision, structural arrangements and performance are key components in assessing the value for money of service delivery. During 2017/18 reviews of a number of service areas were conducted to determine and secure the required capacity to achieve objectives and desired outcomes.

## Senior Management Restructure

The form and function of the Council is regularly reviewed. During 2017/18, following the retirement of the then Chief Executive, a comprehensive review of the senior management structure was undertaken. This culminated in the deletion from the structure of the post of Chief Executive and a re-alignment of key priorities and tasks across the three remaining Executive Directors. This included the re-assignment of the role of Head of Paid Service.

## Customer Feedback

The Council recognises the important role that customer feedback plays in assessing the quality and range of the services delivered. Public consultation plays an integral role in informing budget proposals. Customer satisfaction is an integral component of the Council's performance measurement metrics and an annual review of complaints is reported to Management Team, wider management and Members via a report to the Governance & Audit and the Challenge and Improvement Committees detailing the type and volumes of complaints and comparative analysis with previous years. Contextual information is also provided. To support improvements and consistency in approach, the Council has appointed a Customer Experience Officer to work closely with service areas.

In addition, a pro-active stance is taken across a number of services in the form of customer satisfaction surveys. The consistent application of this across the Council is a key aim in support of effective performance management.

## 3. Roles, Responsibilities and Delegations

**Objective:** Defining and documenting the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnerships arrangements

The Council has an overview and scrutiny function (in the form of the Challenge & Improvement Committee) and there is a clear split between policy and scrutiny. Overview and scrutiny contributes to the decision making process.

The Council's policy and decision-making process is defined in detail in The Constitution but can be summarised as follows:

- a) The Budget and Policy Framework is decided by Council and has significant links to the Corporate Plan
- b) The Corporate Policy and Resources Committee formulates policy, plans and strategies which do not form part of the Council's Policy Framework. They are

- responsible for the effective use of all council resources, whether land finances, property or personnel
- c) The Prosperous Communities Committee deals with economic development, leisure and cultural, environmental issues and community issues. They formulate policy, plans and strategies other than those identified for adoption by the Council or the Corporate Policy and Resources Committee
  - d) Arrangements for concurrent meetings of the Prosperous Communities and Corporate Policy & Resources Committees to consider policy and funding decisions during the same session
  - e) The scrutiny function is provided by the Challenge & Improvement Committee which examines the activity of the policy committees to ensure they deliver Council policy and can call the policy committees to account for aspects of poor/deteriorating performance in areas under their jurisdiction
  - f) The Challenge & Improvement Committee works to an individual work programme of matters to be considered for the year ahead and there is a monitoring role for the Committee to ensure delivery of the programme. Additionally the Committee invites and raises questions and discussion with strategic partners responsible for service delivery across the District
  - g) The Challenge & Improvement Committee can also establish time limited groups to carry out in depth reviews
  - h) Quasi-judicial matters such as Planning and Licensing are dealt with through separate Planning and Licensing Committees

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation.

The Annual Council meeting each year considers a report from the Monitoring Officer which reviews The Constitution to ensure it remains robust and effective. This allows for appropriate amendments to be made.

There are protocols for effective communication which include:

- a) Member/Officer Relations Protocol
- b) Leaders Panel regularly meet with designated officers and Chief Officers
- c) Group Leaders meetings with Key Officers
- d) Chair's Briefs
- e) Six-weekly Members information bulletin
- f) 'Call-in' protocol which enables a decision of the Policy Committees to be questioned by Scrutiny before it is finally approved

The Management Team and Leader of the Council have established a communication process and they have mechanisms in place to set and manage the delivery of objectives.

## 4. Standards of Behaviour

**Objective:** Developing, communicating and embedding codes of conduct, defining the standards of behavior for Members and staff

It is vital that there is a constructive working relationship between elected Members and Officers and that the respective roles are carried out to a high standard.

The Council's leadership is responsible for setting the tone for the organisation and it is tasked with creating a climate of openness, support and respect. A set of organisational behaviours and core values are in place and have been communicated. Lead Member positions also have clear role descriptions set out within The Constitution and these make reference to the behaviours expected when undertaking their duties.

Standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols. These are reviewed on a regular basis and when circumstances dictate. For instance during 2017/18, the subject of Member/Officer working protocols was re-visited, with workshops between both parties taking place. These sessions helped to revisit and update the Operational Conventions Protocol within the Council's Constitution. Additionally in 2017/18, officers received training on working in a political environment.

This includes:

- a. Members and Co-opted Members Code of Conduct
- b. Guidance when dealing with Planning Matters
- c. Protocol on Member/Officer Relations (Operational Conventions protocol)
- d. Officer Code of Conduct
- e. Whistle Blowing Policy
- f. Complaints Procedure
- g. Anti-Fraud and Corruption Policy
- h. Local Code of Corporate Governance

The Council has in place Members' related codes of conduct and a Local Code of Corporate Governance. An agreed process is in place to deal with standards matters should they arise. The Standards Sub-Committee plays a significant role in promoting and maintaining high standards of conduct between elected and co-opted Members and hearing complaints where standards of behaviour fall short of what is expected. In particular the role of the Committee is:

- a) promoting and maintaining high standards of conduct by councillors and co-opted Members
- b) assisting the councillors and co-opted Members to observe the Members' Code of Conduct
- c) advising the Council on the adoption or revision of the Members' Code of Conduct
- d) monitoring the operation of the Members' Code of Conduct

- e) advising, training or arranging to train councillors and co-opted Members on matters relating to the Members' Code of Conduct
- f) granting dispensations to councillors and co-opted Members from requirements relating to interests set out in the Members' Code of Conduct
- g) to hear complaints locally regarding alleged breaches of the Code
- h) exercising such other functions as the Council considers appropriate; and
- i) the exercise of (a) to (g) above in relation to the town/parish councils/meetings and their Members in the Council's area

During the year, the Council has revised and adopted a new Code of Conduct which now incorporates aspects such as bullying, confidentiality and respect. The new Code has also been communicated via workshops to Parish and Town Councils across the District and has been adopted by a significant number. The remainder have opted to continue with the code provided by the National Association of Local Councils (NALC).

The Code of Conduct and the Standards regime form part of the Members' induction arrangements and all Members (new and returning) are required to sign the Code of Conduct and provide a new register of interest return.

There is a Code of Conduct for employees and there is also an induction process in place which includes conduct matters. There is an appraisal process in place for both Members and Officers which allows a personal development plan to be put in place.

The Council has an [Anti-fraud and anti-corruption policy](#) and also a [whistle blowing policy](#) in place. Annual reports on fraud and whistle blowing incidents are presented to Members and are made available for review via the Council's web site.

There are registers of gifts and hospitality, interests, and secondary employment. During the year (and especially around Christmas and holiday periods) Members and staff are reminded of the procedure for registering gifts and hospitality and more senior staff are regularly reminded of the need to do this. Procedures for dealing with conflict of interest are in place. Arrangements are in place to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

Rules and procedures are set out in The Constitution including Members' Code of Conduct, Operation of the Standards Sub-Committee, Procedure Rules for Committees, Financial and Contract and Procurement Procedure Rules (updated during 2017/18) and Scheme of Delegation.

The Monitoring Officer and Chief Finance Officer also have clear supporting roles.

Awareness of probity issues amongst managers is raised through regular reminders that are sent out to all staff.

The Council has an investigation and disciplinary process for conduct issues and action is taken against employees where conduct falls below that expected. At a Chief Officer level this function is undertaken by elected Members and there are clear rules of procedure defined in The Constitution.

## 5. The Decision Making Framework

**Objective:** Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation. Attention is paid to ensure that arrangements reflect current structures and roles and support appropriate good decision making.

A Scrutiny Committee (Challenge & Improvement) is in place and has clear terms of reference. Their operation is covered in The Constitution which allows them to exercise their powers to 'Call In' decisions made by the policy committees and if necessary ask them to reconsider their earlier decisions. During 2017/18, Members received training on the Effectiveness of Scrutiny and undertook an exercise in self-evaluation. Going into 2018/19, a review of the on-going requirement for this Committee is to be undertaken, as there is no statutory obligation for a District Council to have such an arrangement.

To support joined-up and efficient decision making, particularly in respect of time critical decisions, where appropriate, the Council has implemented concurrent meetings of the Prosperous Communities and the Corporate Policy & Resources Committees within one session. This entails the policy position being debated with recommendations made for resourcing decisions to be determined immediately afterwards. This has worked well to date, to support the expedient progress of key growth and commercial initiatives.

Work has also been completed to ensure that the focus of Committee reports is placed on key decision making. Hence the Council has reduced the number of reports placed before Members by no longer using Committees for the provision of update and information only reports. Alternative arrangements have been put in place to oversee such matters.

During 2017/18 the Council commissioned a consultancy report from Internal Audit to look at the quality of decision making. Reviewing three key decisions, the report found that governance structures, business cases and supporting papers, financial and legal information and scrutiny and the capability of decision makers were all working effectively.

The Council has a robust reporting process in place. There is a committee timetable and Democratic Services identify agendas with the services. The committee report template requires report authors to seek professional comment on proposals from finance, human resources and legal colleagues. It also prompts officers, where appropriate, to detail at least three options for consideration with a recommended option highlighted and to also consider legal, staffing and equalities matters and to assess risk.

The meetings of the Council have appropriate agendas, reports and minutes which demonstrate data quality. All Committees are web cast with the Planning Committee and Full Council meetings webcast live.

The Council uses training, workshops, ACoPs and manuals to help staff operate systems.

The Council has a Risk Management Strategy which sets clear policy and guidance on managing risk and Members receive risk management training.

The Council's Portfolio Board oversees the key programmes which have been instigated to support delivery of the Corporate Plan. An audit of the workings of the Portfolio Board was undertaken during 2017/18 and received a substantial assurance rating. Below this Board a number of themed programme boards exist which manage the delivery of individual projects. Each board is chaired by the relevant programme sponsor and has specific terms of reference. A key component to assist in decision making and delivery is the role of sponsor. The role is accountable for putting in place the appropriate governance arrangements (including the formation of a board if necessary) to avoid the creation of a transactional approach and to ensure that due proportionality is applied to risk. The sponsor is also responsible for reporting progress/issues back to the Portfolio Board.

During 2017/18, both the Section 151 and the Monitoring Officer have played key roles in decision making. They have ensured gateway reviews have been undertaken in connection with the development of business cases associated with commercial, land and property and regeneration initiatives. Such reviews have enabled effective decisions to be made at each stage of project development.

The step change we are making on the growth and commercial agendas (specifically the Commercial Investment portfolio) requires pace, ability to take a commercial view and responsive governance. Work has progressed during 2017/18 to ensure these notions are addressed. The joint sessions of the Prosperous Communities and Corporate Policy & Resources Committees have been a step-change in this regard. Culturally, much progress has been made with staff and Members to ensure that the key foci in discussions remain on programme direction and the commercial imperatives and opportunities.

Data quality contributes to the achievement of and underpins the Council's priorities. The Council is committed to high standards of data quality and must take care to ensure that the data and information used throughout the organisation and particularly in relation to performance management is fit for purpose. In the recent past, the Council recognised the need to ensure a consistent approach to data quality and has therefore produced and communicated via workshops and meetings a [Data Quality Policy](#). In addition agreement has been reached with Internal Audit for them to explicitly assess and reference data quality (where relevant) as part of their audit work.



## 6. Risk Management

**Objective:** Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

The Council has in place a [Risk Management Strategy](#) which covers the period 2016-2018. It is due to be revised during 2018/19. There is also an accompanying risk management ACoP, which supports the strategy to outline operational procedures and roles and responsibilities.

Internal Audit reviewed the Council's risk management arrangements during 2016/17 and provided a substantial assurance finding. Service risk management is a standing item of the Service Leadership Team (SLT) meeting agenda whereby any issues can be raised and service areas undertake on-going assessment of service related risks.

A number of workshops with staff and Management Team have been held during the year to discuss risk and the Council has attended the Lincolnshire Risk Management Group meetings.

All risks are maintained on a central system which enables risk owners to identify risks at a service level. If any such risk escalates in nature there is a process in place by which it can be brought to the attention of Management Team.

The Strategic Risk register identifies risks to the delivery of the outcomes in the Corporate Plan. This approach reflects the guidance provided by the Association of Local Authority Risk Managers (ALARM). Therefore, during 2017/18, Management Team have assessed progress against the Corporate Plan objectives to ensure the strategic risk register remains correctly aligned. The register is reviewed regularly by Management Team and is presented for review by the Governance and Audit Committee on a six-monthly basis.

The Governance and Audit Committee have a responsibility as part of their terms of reference for approving the Risk Strategy and maintain an overview of risks. The committee has appointed a Member Risk Champion who has clear terms of reference.

## 7. Counter-Fraud and Anti-Corruption

**Objective: Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

The Council has an [Anti-Fraud, Corruption and Money Laundering Strategy](#) which stresses a zero tolerance approach and is part of a suite of policies covering:

- Whistleblowing Policy
- Disciplinary Policy
- Covert Surveillance Policy
- Codes of Conduct for Members and Officers
- Risk Management Policy and Strategy

- Gifts and Hospitality
- Standing Orders

The policy applies to:

- All West Lindsey District Council Employees.
- Councillors and Independent Members
- Staff and members of Council funded voluntary organisations
- Partners
- Suppliers, contractors and consultants
- Residents

Members of staff, partners and contractors have all been reminded of the policy and how to raise any concerns, or report suspected fraud or corruption, through a series of leaflets and posters and a 'Fighting Fraud' leaflet is distributed annually to all staff. An anti-fraud presentation forms part of the corporate induction process. The Council also maintains a specific fraud related risk register.

The Governance and Audit Committee receive a yearly report on anti-fraud and corruption arrangements and the action that has been taken to investigate and prosecute cases.

To monitor and manage the risk of fraud, the Council is a member of the Lincolnshire Fraud Partnership. The Council also takes part in the Housing Benefit Matching Service (HBMS) work and the National Fraud Initiative (NFI); a bi-annual exercise that matches electronic data within and between public sector bodies to prevent and detect fraud. A fraud-health check was conducted in the year by Assurance Lincolnshire which assessed our anti-fraud related arrangements and identified some areas for improvement.

## **8. Management of Change**

**Objective: Ensuring effective management of change and transformation**

Governance arrangements are in place to ensure change is effectively managed in the form of Board scrutiny, effective project management and Progress and Delivery reporting against projects and programme development. Members are also part of this process and regular reports are produced to keep them updated.

An internal review of the Council's principles and processes in place to support effective project management has been undertaken with colleagues to ensure they remain fit for purpose. Additional capacity has been secured in the form of a Senior Programme Officer to provide critical oversight of all key initiatives. Reporting in 2016/17, Internal Audit provided a finding of substantial assurance following an audit into the Council's project management processes and methodology.

Each Board has been assigned a Programme Sponsor responsible for delivery. In this regard their remit is to direct and provide support to project managers and also ensure a high quality of project development and adherence to the Council's project management methodology.

Effective communication is regarded as crucial to delivering effective change and strong links have been forged between the relevant Boards and the Communications Team to ensure the Council as a whole is kept abreast of developments.

To provide strategic capacity and capability concerned with change and transformation, particularly in support of the delivery of key programmes and projects, the Council has adopted an approach of sourcing professional subject related expertise on a needs basis. This is intended to deliver better value for money and objectivity.

## 9. Role of the Chief Financial Officer

**Objective: Ensuring the authority's financial management arrangements conform with the governance requirements of the [CIPFA Statement on the Role of the Chief Financial Officer in Local Government \(2010\)](#) and, where they do not, explain why and how they deliver the same impact**

The Council has designated the Executive Director of Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. This officer has statutory responsibility for the proper planning, administration and monitoring of the Council's financial affairs. The Council's financial management arrangements also conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The financial management of the Council is conducted in accordance with the Financial Procedure Rules set out in The Constitution. The financial management system includes:

- A five year Medium Term Financial Strategy which is reviewed and updated annually to support the delivery of the Council's strategic priorities.
- An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies.
- Financial Procedure Rules that are reviewed at intervals of not more than three years. Relevant amendments are made when required.
- Process and procedure guidance manuals.
- Regular budget monitoring by budget holders through monthly financial monitoring meetings and reports.
- Four reports per year to Management Team and Members relating to the Council's financial position stating financial and performance information.
- Annual accounts supporting stewardship responsibilities which are subjected to external audit and which follow the Code of Practice on Local Authority Accounting in the UK in line with International Financial Reporting Standards.

## 10. Role of the Head of Internal Audit

**Objective: Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact**

The [CIPFA statement on the Role of the Head of Internal Audit \(2010\)](#) states that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

1. Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments
2. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control

To perform this role the Head of Internal Audit:

3. Must be a senior manager with regular and open engagement across the organisation, particularly with the Management Team and with the Audit Committee
4. Must lead and direct an internal audit service that is resourced to be fit for purpose; and
5. Must be professionally qualified and suitably experienced

A review of the CIPFA statement has taken place and no matters of concern were identified. The Head of Internal Audit reports to the Management Team and the Governance & Audit Committee on a regular basis in relation to audit and governance related matters.

The Council has in place an Internal Audit Charter which defines the terms of reference for Internal Audit by setting out the nature, role, responsibilities and authority of the Internal Audit service within the Council.

The Constitution identifies that the Chief Finance Officer is responsible for providing an efficient and effective Internal Audit service, which will comply with relevant legislation and best auditing practice.

## 11. Role of the Monitoring Officer

**Objective: Ensuring effective arrangements are in place for the discharge of the monitoring officer function**

The [Constitution](#) covers the key statutory role and functions of the Monitoring Officer. It also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to undertake the role. The Monitoring Officer has confirmed that this is the case and he

continues to review this. Appropriate training is delivered where needs are identified and the Officer has attended a number of training courses during 2017/18.

There is a specific job role which reflects the Monitoring Officer duties. The Monitoring Officer is line-managed by the Executive Director of Resources. No conflict of interest in this line management structure has been identified.

## 12. Role of the Head of Paid Service

**Objective:** Ensuring effective arrangements are in place for the discharge of the head of paid service function

The statutory provisions are included in [The Constitution](#). The authority does not have a Chief Executive following a senior management review and restructure. This role is now undertaken by the Executive Director of Operations.

The Leader and the Executive Directors have agreed corporate objectives and key priorities for the year. Monitoring against progress is achieved via regular liaison between the relevant parties.

## 13. The Audit Committee

**Objective:** Undertaking the core functions of an audit committee, as identified in CIPFA's [Audit Committees: Practical Guidance for Local Authorities](#)

The Council maintains and operates a Governance & Audit Committee which is independent of the Policy Committees and the scrutiny function. Membership includes up to three Independent Members. The Committee receives training and has a defined work plan. Substitutes are not permitted unless the substitute has undertaken specific audit committee training.

The core functions of the [Governance and Audit Committee](#) are set out in [The Constitution](#). Terms of reference are in line with CIPFA guidance and the Committee operates to these.

Some Audit Committee Members are also Members of the scrutiny committee. This arrangement has been agreed by Full Council.

## 14. Compliance with Laws and Regulations

**Objective:** Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Constitution and relevant job descriptions outline Officer, Member, Committee and Council responsibilities. The Council's statutory officers are the Head of Paid Service (Executive Director of Operations), the Section 151 Officer (Executive Director of Resources) and the Monitoring Officer (Strategic Lead for Democracy and Business Support). These officers are responsible for ensuring that the Council acts within the law and in accordance with established policy and procedure. Counsel opinion may be obtained in certain circumstances and unusual transactions are

referred to the External Auditor for consideration.

The Section 151 Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise elected Members where expenditure is likely to exceed resources. Where any proposal is unlawful, the Section 151 Officer, jointly with the Monitoring Officer, have a duty (should such a scenario arise) to produce a 'Section Five' report and inform the Head of Paid Service and External Audit.

The Management Team carry responsibility for ensuring that legislation and policy relating to service delivery and health and safety are implemented. A disciplinary process is in place for both staff and Members for any breaches.

The subject of 'Compliance' is detailed within the Council's strategic risk register. This demonstrates the importance the Council places on the requirement to comply with and/or correctly implement relevant statutory legislation.

Lincolnshire Legal Services hold a central library of all relevant legislation and are consulted when required. Departments take responsibility for receiving and operating to new legislative responsibilities as they arise with service and business planning providing opportunities to consider the implications and plan for legislative change.

Where relevant, expert legal advice is procured to support decision making, particularly in relation to delivery of projects supporting the growth and commercial plans. During 2017/18 the Council drew on expert legal advice in its negotiations and decision making relating to the appointment of a strategic development partner. Additionally, advice has been sought to ensure legal complexities were understood across a number of further projects related to economic growth and regeneration.

Legislation and Statutory Instruments are dealt with and assessed as they are received (from a range of sources including national email alert systems). Changes in legislation have been implemented successfully with no major issues arising.

The communication of local policies and procedures is embedded in a number of different ways such as SLT meetings and workshops, team briefings and local training. Officers ensure that they are aware of and comply with laws and regulations which are relevant to their roles. During 2017/18 refresher training on the Regulation of Investigatory Powers Act (RIPA) was provided for relevant staff.

The Council pays close attention to requirements relating to Information Governance and close working arrangements are in place with neighbouring authorities. Training packages have been provided for staff during the year via the Council's on-line training platform. The requirement to be compliant with the General Data Protection Regulations by May 2018, has been a focus during the year and a delivery plan is being worked through to achieve this. The Council's state of readiness was assessed by internal audit during 2017/18 and received a rating of substantial assurance. Best practice has been followed with the nomination of officers to the roles of Senior Information Risk Officer (SIRO) and Senior Information Governance Officer (SIGO) and Data Protection Officer (DPO). The Corporate Information Governance Group meets regularly to review information governance related matters and developments.

The Governance and Audit Committee receive reports by Internal Audit which include review of compliance with legislation. This provides the Committee with an overview of compliance with policy and procedures and it can request attendance of managers to provide further assurance.

## 15. Whistleblowing Arrangements

**Objective:** Arrangements for whistle blowing and for receiving and investigating complaints from the public

The Council has in place a [whistle blowing policy](#) which is available for reference via the Council's web site and internal intranet and its existence and content is regularly communicated to staff. The Council also works in partnership with Lincolnshire County Council and fellow Lincolnshire authorities to develop and produce a County-wide 'Fighting Fraud' leaflet which is distributed to staff. Annual reports are presented to the Governance & Audit Committee on whistleblowing and more general customer feedback.

The Council also has in place a customer complaints, compliments and comments procedure. The [procedure](#) is available for view on the intranet and web site. When complaints are received an internal independent officer (Customer Experience Officer) is appointed to investigate and in certain circumstances an external appointment may be made. One of the key aspects of the policy is our desire to learn from complaints to rectify matters if required. Where appropriate, complaints that have been referred to the Ombudsman are brought to the attention of Management Team

## 16. Member and Officer Development

**Objective:** Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training

A [Member Development Plan](#) is in place, however is in the process of being renewed in preparation for 2019 elections and subsequent induction processes. This will oversee the training and development requirements of the next administration. The existing and new plan are compiled from a number of sources:

- Requirements from The Constitution
- Areas for development recommended for each committee
- Feedback from Members
- Areas of interest
- Changes to the local government environment including legislation

Member training is also recorded to keep track of the training delivered and details of Member attendance. During the year, Members have received training on such matters as Treasury Management Strategy Scrutiny; Statement of Accounts Scrutiny; Code of Conduct, Data Protection, Licensing and Development Management related topics.

Staff surveys are undertaken on an annual basis and the content is used to develop appropriate training and to address any issues identified. Recent results of the staff

survey were positive and reported improvements in all areas including, communication, motivation and general job satisfaction. It was also pleasing to report that absence due to sickness were at an all-time low. The Council is working to an approved Workforce Development Plan (currently being refreshed) and also has a Staff Engagement Group, drawn from staff across the Council. A Joint Staff Consultative Committee (JSCC) is in place consisting of staff members and Councillors and part of its remit is to review and approve staff related policies.

To improve the ability of managers with line management responsibility to fulfil their roles more effectively, the HR team have held a series of drop-in workshops where staff can raise issues and seek advice and guidance.

The Corporate Plan is communicated to staff and forms the golden thread for staff appraisals and work objectives for the forthcoming year and associated training/development needs. During 2017/18 much of the Council's training was delivered via an on-line learning and development tool.

## 17. Community and Stakeholder Engagement

**Objective:** Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council meets its statutory responsibilities with regard to engagement on budget setting by holding events with residents, parishes and businesses. The Council uses a variety of channels to communicate with the community and stakeholders for example:

- West Lindsey Citizen Panel through surveys and focus groups
- West Lindsey District Council website
- Focus groups with residents and local businesses
- E-surveys
- Local press
- Summits
- Social media

During 2017/18, the Council reviewed its usage of printed means of communication to achieve on-going effectiveness and value for money. The outcome of this was a move to electronic means of communication to replace the existing paper-based West Lindsey News.

Use of social media as a communication tool has rapidly increased. Presently the Council has over 8,000 social media followers.

The Council consults on key service changes and issues that may affect residents of the District. Topics consulted on during 2017/18 included:

- Proposed Public Space Orders
- Gainsborough Car Parking
- Garden Waste Service
- Local Council Tax Support Scheme



- Budget Consultation
- Shopping Trolley Consultation

During the year we also undertook surveys with service users (whether they are internal or external to the Council) to ascertain the levels of satisfaction with services. Results are used to develop our services to ensure they are delivering the level of service required by users.

The Council continues to actively support the Community Right to Bid initiative. During the year a number of applications from community groups have been received and considered with decisions fed back.

## 18. Partnership Governance

**Objective:** Enhancing the accountability for service delivery and effectiveness of other public service providers incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

To enhance the accountability for service delivery and effectiveness of other public service providers, the Challenge and Improvement Committee have continued with their programme of holding meetings with strategic partners to discuss their approach to addressing the strategic needs of the residents of the District. To this end the Committee focused on the issue of health during 2017/18 and set up a Health Commission to oversee the work. Over the course of the year a number of bodies operating in this field were consulted to detail the work they do, the issues they face and the aspects they feel need to be addressed.

Meetings held during the year have also seen Lincolnshire Police and local housing associations attend to present overviews of their work; the impact it is having on the general well-being of the District and the issues they face.

The Council recognises that effective partnership working is key to the achievement of successful outcomes, particularly in respect of addressing complex needs. Two key partnership arrangements (Choice Based Lettings and the ICT partnership with North Kesteven) have been the subject of audit during 2017/18 and both received positive findings.

Strategic partnership working is recognised by the Council as being integral to the achievement of its ambitions. Key partnerships have been formed in the areas of skills, economic development and regeneration to deliver growth and support business across the District. Partnership working is also evident in the form of the Joint Planning Unit (created to devise and deliver the Central Lincolnshire Local Plan) and the Council's participation in local enterprise partnerships. The creation of further partnerships are in the pipeline.

The Council's Management Team sponsored a review of all current partnership arrangements in place across the Council to ensure on-going relevance and effectiveness. In conducting this work, reference was made to the Audit Commission's ['Governing Partnerships'](#) Report. The work involved the identification

of the Council's key partnerships; their effectiveness and on-going relevance and put in place measures for the provision of regular reporting by the respective officer lead on the achievements, issues and future intentions of the relevant partnership. This assists in gauging whether any partnership is providing value for money. To provide guidance for staff a Partnership ACoP is in place. The Council's Partnership Register has been cleansed and populated with the up to date information.

Our current Contract Procedure Rules cover contract monitoring procedures and management of delivery. They were revised slightly during 2017/18 to reflect delegation arrangements and provide greater clarification in certain areas. The accountability of service providers is managed through contract management and work has been undertaken to ensure The Council has robust contract management procedures in place.

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